



United States
Department of
Agriculture

Natural
Resources
Conservation
Service

Nevada
Publication
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2005 Conservation Security Program (CSP) Record Keeping Workbook

Nevada Supplement 1

DECISION MAKER AND PROPERTY INFORMATION

Name: _____

Watershed: _____

County: _____

ProTracts Application Number: _____

NRCS Reviewer: _____

Date: _____

Introduction

Nevada Natural Resources Conservation Service

The Nevada CSP Record Keeping Workbook is organized in packets of information relating to specific areas of the CSP program. This workbook is intended to serve as a guide and tool to assist you and NRCS in streamlining the application process. Use of this workbook is **not** mandatory, however, the information covered **is** required to process your application. The workbook is intended to provide direction to help:

- 1) assemble your records in an orderly manner,
- 2) provide guidance on the type of records required, and
- 3) provide guidance in the procedures necessary to participate in the CSP Program.

The workbook is divided into 7 sections as follows:

SUPPLEMENT 1: DECISION MAKER AND PROPERTY INFORMATION

All applicants must complete Supplement 1. Includes:

- Decision Maker Information
- CSP flowchart
- Property Information
- Water Quality Self Screening
- Highly Erodible Land Determination (Form AD-1026)
- Adjusted Gross Income (Form CCC-526)

SUPPLEMENT 2: CROPLAND AND HAYLAND

SUPPLEMENT 3: RANGELAND AND PASTURELAND

SUPPLEMENT 4: DOCUMENTATION FOR WILDLIFE HABITAT

SUPPLEMENT 5: FARMSTEAD (necessary to qualify for Tier III)

SUPPLEMENT 6: ENHANCEMENTS FOR AIR, SALINITY, AND ENERGY plus associated allowances and requirements

SUPPLEMENT 7: CSP APPLICATION (Form CCC1200 and CSP Appendix)

USDA Nondiscrimination Statement

"The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410, or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer."

Decision Maker Information

Nevada Natural Resources Conservation Service

Name of Decision Maker _____

Business or Farm Name _____

Social Security Number or Tax ID Number _____

Address _____

City _____ State _____

County _____ Zip Code _____

Phone Numbers: Home _____

Business _____

Cell _____

E-mail Address _____

I certify that the answers and information provided in the CSP Self-Assessment Workbook and the Nevada CSP Workbook Supplements are true and accurate to the best of my knowledge.

LANDOWNER SIGNATURE: _____

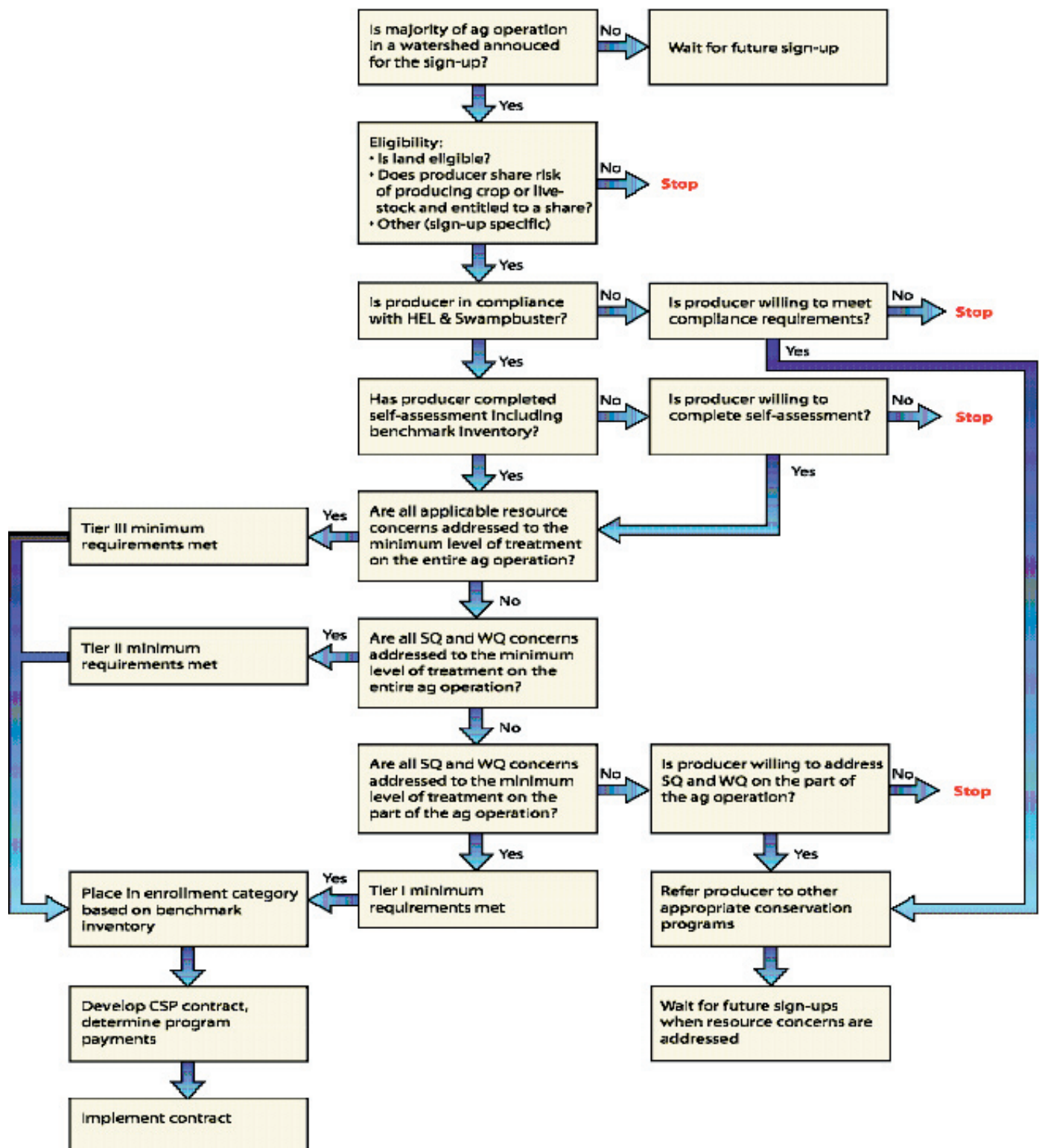
DATE: _____

Confidentiality

All information provided will be kept confidential until a CSP contract is awarded. After a CSP contract is awarded, all information is protected by the Freedom of Information Act (FOIA).

CSP Application Process Flow Chart

Nevada Natural Resources Conservation Service



Property Information

Nevada Natural Resources Conservation Service

Property Location

Please complete the table below to identify your property. Agricultural operations includes all agricultural land and other lands whether contiguous or non-contiguous under the control of the applicant.

Aerial map photocopies of your property can be obtained at your local Farm Service Agency (FSA) office located in the U.S. Department of Agriculture Service Center.

EXAMPLE: Property Location Worksheet

<i>Property Name</i>	<i>State</i>	<i>Farm or Tract Number</i>	<i>Field No.s</i>	<i>Township</i>	<i>Range</i>	<i>Sec.</i>	<i>Acres</i>	<i>Own</i>	<i>Operate</i>	<i>Field to be enrolled in CSP? (y or n)*</i>	<i>Federal Land (y or n)</i>
Jones Farm		T251	1	119	26E	21	30		X		
Jones Farm		T251	2	119	26E	21	10		X		y
Jones Farm		T251	3	119	26E	22	80	X	X		
Smith Farm		T252	1	119	26E	22	120	X		y	

* if uncertain, leave blank

WORKSHEET: Property Location

<i>Property Name</i>	<i>State Located</i>	<i>Farm or Tract Number</i>	<i>Field No.s</i>	<i>Township</i>	<i>Range</i>	<i>Section(s)</i>	<i>Acres</i>	<i>Own</i>	<i>Operate</i>	<i>Federal Land (y or n)</i>

Water Quality Self-Screening

Nevada Natural Resources Conservation Service

Please fill out the information below. These questions will help you determine if your agricultural operation is eligible for CSP. Answering “no” to any of these questions may indicate that your operation is not eligible for CSP. Please note required documentation if you answer “yes” to any of these questions.

Resource Concern	Practice or Management Activity	Yes	No	N/A	Required Documentation
Sediment in Surface Water	After planting, is 30 percent of the soil surface covered with residue?				Conservation Plan or Farm Records
	Do you protect streams, ponds, or other surface waters with vegetative buffers at least 20 feet wide?				Conservation Plan or Farm Records
Nutrients in Surface Water and Groundwater	Do you soil test at least every 5 years?				Soil test records
	Do you apply nutrients according to University/industry recommendations or realistic yield goals?				Records showing dates, amount, rate, form and application method of nutrients applied
	If you apply manure to the land, do you test the manure for nutrient content?				Records showing dates, amount, rate, form, and application method of nutrients applied
	When applying nutrients, do you leave an area at least 20 feet wide between where you spray and adjacent water bodies, drainageways, and other sensitive areas, such as buffers or setbacks?				Maps or aerial photos showing setbacks from water bodies, drainageways, and other sensitive areas
	Do you calibrate nutrient application equipment annually to ensure uniform distribution and accurate application rates?				Self certification
	Is rinse water from cleaning fertilizer application equipment properly disposed of?				Self certification
Pesticides in Surface Water and Groundwater	Do you apply pesticides based on field scouting, treatment thresholds, and follow-up evaluations following university or industry recommendations?				Integrated Pest Management plan or scouting records
	Do you post signs according to label directions and/or Federal, Tribal, State, and local laws around sites that have been treated?				Self certification

Resource Concern	Practice or Management Activity	Yes	No	N/A	Required Documentation
Pesticides in Surface Water and Groundwater (continued)	Do you dispose of pesticide and pesticide containers in accordance with label directions and adhere to Federal, Tribal, State, and local regulations?				Self certification
	Do you read and follow label directions and maintain appropriate Material Data Safety Data Sheets (MSDS)?				Pest management application records including target pest, pest control used, date, and results.
	Is rinse water from cleaning pesticide application equipment properly disposed of?				Self certification
	Do you calibrate application equipment according to Extension and/or manufacturer recommendations before each seasonal use and with each major chemical change?				Self certification
	Do you replace worn nozzle tips, cracked hoses, and faulty gauges?				Self certification
	Do you maintain records of pesticide application for restricted use materials as per the Nevada Department of Agriculture record keeping requirements?				Records showing dates, amount, rate, form, and application method of pesticides applied.
	When applying pesticides, do you leave an area at least 20 feet wide between where you spray and adjacent sensitive areas, such as buffers or setbacks?				Maps or aerial photos showing setbacks from sensitive areas
	Do you follow practices to reduce environmental harm when using hazardous pesticides, such as changing application rates, timing, use of alternate chemicals, etc.?				Pesticide risk assessment (available from NRCS); description of measures used

HIGHLY ERODIBLE LAND CONSERVATION (HELIC) AND WETLAND CONSERVATION (WC) CERTIFICATION

(See Page 2 for Public Burden and Privacy Act Statements).

1. Name of Producer	2. I.D. Number (Last 4 digits only)	3. Current Crop Year
		YES NO
4. Do all your farming interests have current NRCS determinations? <i>If "NO", contact your County FSA Office before completing this form.</i>		
5. Are you a landlord on any farm that will not be in compliance with HELC and WC provisions? <i>If "YES", enter the farm number at the end of this statement, or contact your County FSA Office before completing this form:</i>		
6. Do any of your landlord refuse to comply with HELC requirements on any farms? <i>If "YES", enter the farm number at the end of this statement, or contact your County FSA Office before completing this form:</i>		
7. List affiliated persons with farming interests. <i>See Page 2 for an explanation. Enter "NONE", if applicable.</i>		
		YES NO
8. During the crop year entered in Item 3 above, or the term of a requested USDA loan, did or will you plant or produce an agricultural commodity on land for which a highly erodible determination has not been made?		
9. On any land in which you have an interest, has anyone conducted any activities (since December 23, 1985) or will anyone conduct any activities (during the current crop year or the term of a requested USDA loan) to:		
(a) Create new drainage, conduct land leveling, filling, dredging, land clearing, or stump removal that has not been evaluated by NRCS? Indicate year if answered "YES": _____		
(b) Maintain, improve, or modify an existing drainage that has not been evaluated by NRCS? Indicate year if answered "YES": _____		
10. Will you conduct any activities for fish production, trees, vineyards, shrubs, building construction, or other non-agricultural purposes on lands for which a wetland determination has not been completed by NRCS?		

If answers to
Item 8, 9, or 10
are:

"YES" for any one of these items, sign and date in Item 11 below. A "YES" answer authorizes FSA to refer this AD-1026 to NRCS to make a HELC and/or certified wetland determinations. DO NOT sign in Item 13 until the NRCS determination is complete.

"NO" for all of these items, complete Item 13. (Contact your County FSA Office if you are unsure about the answers to Items 9 or 10.)

11. Signature of Producer	I hereby certify that the information on this form is true and correct to the best of my knowledge. <div style="text-align: right;">Date: (MM-DD-YYYY)</div>		
12. Referral to NRCS (Completed by FSA)	Enter a checkmark if a NRCS determination is needed because "YES" is answered in Items 8, 9, or 10. <input type="checkbox"/>	Signature of FSA Representative	Date (MM-DD-YYYY)

NOTE: Before signing in Item 13, Read AD-1026 Appendix.**Continuous AD-1026 Certification**

I understand and agree that my eligibility for certain USDA program benefits is contingent upon this certification of compliance with the highly erodible land and wetland conservation provisions of the 1985 Food Security Act as amended. This agreement shall serve as a continuous certification and agreement for subsequent crop years. For current and subsequent crop years:

- I agree to the terms and conditions stated on AD-1026 Appendix on all land in which I have or will have an interest.
- I agree that if there are any changes in my operation or activities that may affect compliance with these provisions, I will file a revised AD-1026.
- I agree to file any required exemption requests for each applicable crop year.
- I understand that affiliated persons are also subject to compliance with these provisions and their failure to comply or file AD-1026 will result in loss of eligibility to persons or enterprises with whom they are affiliated. *(Affiliated person rules are printed on Page 2 of this form.)*

13. Producer Sign Here	Date (MM-DD-YYYY)
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The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D. C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

ORIGINAL - FSA COPY ☐NRCS COPY ☐PRODUCER'S COPY ☐

INSTRUCTIONS FOR ITEM 7 OF AD-1026

The producer requesting benefits on AD-1026 shall attach a list of the applicable affiliated persons with farming interests who are required to file AD-1026. Follow the rules in this table to determine affiliated persons.

IF producer, requesting benefits is a (an) . . .	THEN affiliated persons who must file AD-1026 if they have farming interests are . . .
individual	spouse or minor children with separate farming interests, or who receives benefits under their individual ID number.
NOTE: If the individual filing is a minor child, the father and mother shall be listed as affiliates	estates, trusts, partnerships, and joint ventures in which the individual filing, or the individual's spouse or minor children have an interest.
	corporations in which the individual filing or the individual's spouse or minor children have more than 20% interest.
general partnership	first level members of the entity.
limited partnership	
joint venture	
estate	
irrevocable or revocable trust	
Indian tribal venture or group	
corporation with stockholders	first level members with more than 20% interest in the corporation.
State	none
Church or other charitable organization	
county	
city	
public schools	
corporation with no stockholders	

KEY TO NRCS DETERMINATIONS IN ITEMS 8 THROUGH 11 LISTED ON AD-1026A

- | | |
|---|---|
| <p>8. HEL = Highly Erodible Land:
 "Y" = NRCS determined highly erodible land.
 "N" = NRCS determined no highly erodible land.
 " " = NRCS has not made a determination.</p> | <p>9. 027 = Approved Conservation Plan (CPA-027):
 "Y" = Tract has an approved conservation plan.
 "N" = Tract does not have an approved conservation plan.
 "X" = HEL flag is "Y". Producer has a 2-year grace period after soil survey is available to obtain an approved conservation plan.</p> |
| <p>10. A027 = Applying Conservation Plan:
 "Y" = Producer is actively applying an approved conservation plan or system.
 "N" = Producer is NOT actively applying an approved conservation plan or system.</p> | <p>11. W = Wetlands:
 "Y" = NRCS determined wetlands on this tract.
 (* See footnote.)
 "N" = NRCS determined no wetlands on this tract.
 " " = NRCS has not made wetland determinations on entire tract.</p> |

* NRCS has determined a wetland does exist on this tract. Contact your local NRCS office or FSA office for details concerning the location of the wetland and restrictions applying to the land according to NRCS determination before planting an agricultural commodity or performing any drainage or manipulation on this tract.

NOTE: The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information to be supplied on this form is the Food Security Act of 1985, Pub. L. 99-198, and regulations promulgated under the Act (7 CFR Part 12). The information will be used to determine eligibility for program benefits and other financial assistance administered by USDA agencies. The information may be furnished to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. Furnishing the Social Security Number is voluntary. Furnishing the other requested information is voluntary; however, failure to furnish to correct, complete information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA agencies. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided by the produce on this form.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0185. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM AD-1026 TO YOUR COUNTY FARM SERVICE AGENCY (FSA) OFFICE (address printed in item 6 of AD-1026A).

**Appendix to Form for AD-1026
Highly Erodible Land Conservation (HELC) and
Wetland Conservation (WC) Certification**

The following conditions of eligibility are required for persons to receive any USDA loans or other program benefits that are subject to highly erodible land and wetland conservation provisions, unless an exemption has been granted by USDA.

By signing Form AD-1026, Item 13, the producer certifies receipt of this form, and unless an exemption has been granted by USDA, agrees to the following on any farms in which such person has an interest.

A	NOT to plant or produce an agricultural commodity on highly erodible fields unless actively applying an approved conservation plan or maintaining a fully applied conservation system.
B	NOT to plant or produce an agricultural commodity on wetlands converted after December 23, 1985.
C	NOT to convert wetlands by draining, dredging, filling, leveling, or any other means that would allow the planting of any crop, pasture, agricultural commodity, or other such crops.
D	NOT to use proceeds from any FSA farm loan, insured or guaranteed, received after December 23, 1985, for a purpose that will contribute to the conversion of a wetland to produce an agricultural commodity, or contribute to excessive erosion of highly erodible land as determined by NRCS.

NOTE: Signature on Form AD-1026 gives representatives of USDA authorization to enter upon and inspect all farms in which the producer has an interest for the purpose of confirming the above statements.

Any questions concerning the requirements of the Food Security Act of 1985, as amended, shall be directed to your County FSA Office personnel before signing AD-1026 in Item 13.

NOTE: The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information to be supplied on this form is the Food Security Act of 1985, Pub. L. 99-198, and regulations promulgated under the Act (7 CFR Part 12). The information will be used to determine eligibility for program benefits and other financial assistance administered by USDA agencies. The information may be furnished to other USDA agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to orders of a court magistrate or administrative tribunal. Furnishing the Social Security Number is voluntary. Furnishing the other requested information is voluntary; however, failure to furnish to correct, complete information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA agencies. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided by the produce on this form.

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This form is available electronically.

CCC-526 (10-15-03) PAYMENT ELIGIBILITY AVERAGE ADJUSTED GROSS INCOME CERTIFICATION	1A. County FSA Office or Service Center Address <i>(Include Zip Code)</i> 1B. Telephone Number <i>(Include Area Code)</i> :						
The authority to collect the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.							
NOTE: <i>The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a), as amended. The Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171), and the regulations at 7 CFR Part 1400, as amended, authorize the collection of the information required by this certification. The information will be used to establish payment eligibility in accordance with the requirements of the law for applicants who are requesting program benefits subject to these provisions. Providing this information is voluntary; however, failure to furnish the requested information will result in a determination of ineligibility for program benefits. This information may be used by and provided to other agencies, IRS, Department of Justice, other State or Federal law enforcement agencies, and in response to orders of a court magistrate, or administrative tribunal. All information provided herein is subject to verification by the Commodity Credit Corporation. As provided in various statutes, failure to provide true and correct information may result in civil suit or criminal prosecution and the assessment of penalties or pursuit of other remedies. PLEASE RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OR SERVICE CENTER OFFICE.</i>							
2A. Individual or Entity's Name and Address <i>(Include Zip Code)</i> 2B. Telephone Number <i>(Include Area Code)</i> :	3. Program Year 4. Identification Number <i>(SSN or Tax ID No.)</i>						
CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME: Each individual or entity that requests program benefits must complete a certification of average adjusted gross income.							
By signing this form, I acknowledge that: <ul style="list-style-type: none">• all definitions, requirements, and examples on Page 3 of this form were reviewed;• this certification of average adjusted gross income is true and correct, and will be considered a continuous certification through 2007, unless changes or revisions are submitted;• it is my responsibility to timely notify FSA in writing of any changes in the farming, ranching or forestry operation, or financial status that may affect this certification;• evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate this certification.							
5. Type of Operation <i>(Check One)</i> <table border="0" style="width: 100%;"><tr><td><input type="checkbox"/> Individual <i>(Complete Item 6)</i></td><td><input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity <i>(Complete Item 9)</i></td></tr><tr><td><input type="checkbox"/> Trust or Estate <i>(Complete Item 7)</i></td><td></td></tr><tr><td><input type="checkbox"/> Corporation <i>(Complete Item 8)</i></td><td><input type="checkbox"/> Tax-Exempt or Non-Profit Organization <i>(Complete Item 10)</i></td></tr></table>		<input type="checkbox"/> Individual <i>(Complete Item 6)</i>	<input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity <i>(Complete Item 9)</i>	<input type="checkbox"/> Trust or Estate <i>(Complete Item 7)</i>		<input type="checkbox"/> Corporation <i>(Complete Item 8)</i>	<input type="checkbox"/> Tax-Exempt or Non-Profit Organization <i>(Complete Item 10)</i>
<input type="checkbox"/> Individual <i>(Complete Item 6)</i>	<input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity <i>(Complete Item 9)</i>						
<input type="checkbox"/> Trust or Estate <i>(Complete Item 7)</i>							
<input type="checkbox"/> Corporation <i>(Complete Item 8)</i>	<input type="checkbox"/> Tax-Exempt or Non-Profit Organization <i>(Complete Item 10)</i>						
6. Individual For individuals that file the IRS Form 1040, specific lines on the form represent the adjusted gross income and the income from farming, ranching or forestry operations. The income from farming, ranching or forestry is derived from the schedule F, IRS form 4835 or comparable form. A. The average of the adjusted gross income, as specified on the IRS Form 1040 (or similar item on IRS Forms for individuals) for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/> If "NO", proceed to Item 6B. B. The average of the amount reported to be from farming, ranching, or forestry operations on the IRS Form 1040 (or similar on Form 1040A or 1040EZ) for the applicable years, was at least 75 percent of the amount represented as adjusted gross income on the Form 1040 (or comparable amount on Form 1040A or 1040EZ). YES <input type="checkbox"/> NO <input type="checkbox"/>							
C. Signature	Date (MM-DD-YYYY)						

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME (Continuation)

7. Trust or Estate For a trust or estate, the adjusted gross income is the total income and charitable contributions reported to IRS on the IRS Form 1041, or comparable forms. The income for farming, ranching and forestry is derived from the Schedule F, IRS form 4835 or comparable form.

A. The average of the adjusted gross income as defined above, and reported to the IRS for the applicable 3 years, was YES ☐ NO ☐
\$2.5 million or less.

If "NO", proceed to Item 7B.

B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS YES ☐ NO ☐
for the applicable years, was at least 75 percent of the amount used for Item 7A above.

C. Signature

Date (MM-DD-YYYY)

8. Corporation For a corporation, the adjusted gross income is the total of the final taxable income and any charitable contributions reported to the IRS on Form 1120, or comparable forms. The income from farming, ranching and forestry is derived from the Schedule F, IRS form 4835 or comparable form.

A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was YES ☐ NO ☐
\$2.5 million or less.

If "NO", proceed to Item 8B.

B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS YES ☐ NO ☐
for the applicable years, was at least 75 percent of the amount used for Item 8A above.

C. Signature

Date (MM-DD-YYYY)

9. Limited Partnership (LP), Limited Liability Company (LLC), Limited Liability Partnership (LLP) or Similar Entity For an LP, LLC or LLP, the adjusted gross income is the total income from trade or business activities plus guaranteed payments to the members as reported to the IRS. The income from farming, ranching and forestry is derived from the Schedule F, IRS form 4835 or comparable form.

A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was YES ☐ NO ☐
\$2.5 million or less.

If "NO", proceed to Item 9B.

B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS YES ☐ NO ☐
for the applicable years, was at least 75 percent of the amount used for Item 9A above.

C. Signature

Date (MM-DD-YYYY)

10. Tax-exempt or Non-profit Organization For a tax-exempt and non-profit organization, the adjusted gross income is the unrelated business taxable income excluding any income from non-commercial activities as reported to the IRS. The income from farming, ranching and forestry would be derived from the schedule F, or IRS form 4835 or comparable form.

A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was YES ☐ NO ☐
\$2.5 million or less.

If "NO", proceed to Item 10B.

B. The average of the amount represented to be from farming, ranching or forestry interests as reported to the IRS for YES ☐ NO ☐
the applicable years, was at least 75 percent of the amount used for Item 10A above.

C. Signature

Date (MM-DD-YYYY)

AVERAGE ADJUSTED GROSS INCOME

The Farm Security and Rural Investment Act of 2002 included average adjusted gross income as a payment eligibility requirement. Any individual or entity requesting certain 2003 through 2007 program payments will be subject to this provision. Any individual or entity that is determined to have an average adjusted gross income, as defined, that is less than 75 percent from farming, ranching or forestry operations and that exceeds \$2.5 million will be ineligible for any covered benefit during the applicable year.

DEFINITIONS AND OTHER INFORMATION

Average Adjusted Gross Income means the average of the adjusted gross income or comparable measure of the individual or entity over the preceding 3 tax years. For instance, if 2003 program benefits are requested, the tax years for average adjusted gross income determination would be 2002, 2001 and 2000.

Entity means a corporation, joint stock company, association, limited partnership, charitable organization, or similar entity, including any such entity or organization participating in the operation as a partner in a general partnership, a participant in a joint venture, a grantor in a revocable trust, or as a participant in a similar entity, as determined by the Secretary.

The manner in which the Adjusted Gross Income can be determined for an entity can be found in the regulations at 7 CFR Part 1400.

Commensurate Reduction means that any covered benefit issued to an entity, general partnership, or joint venture shall be reduced by an amount that is commensurate with the direct or indirect ownership interest the entity, general partnership, or joint venture of each individual who does not comply with the adjusted gross revenue requirement.

Certification of Compliance means that an individual or entity shall provide either a certification by a certified public accountant that the average adjusted gross income does not exceed the requirement; or provide information and documentation regarding the adjusted gross income through other procedures established by the Secretary.

Income from farming, ranching or forestry means income derived from producing crops, livestock, or unfinished raw forestry products.

Special Rules for Certain Individual and Entities are applicable to those entities that are not required to file a tax return, and individuals and entities that did not have taxable income in one or more tax years used to determine the 3-year average. Please consult with personnel at your local FSA office or service center for more information.

EXAMPLES

Situation 1 - Joe Smith requests benefits from the Direct and Counter-Cyclical Payment Program and from a Conservation Reserve Program contract approved effective for 2003. Mr. Smith's average adjusted gross income exceeds \$2.5 million and was all from farming and livestock operations.

Determination - At least 75 percent of the average adjusted gross income was received from farming, ranching and forestry operations. Therefore, Mr. Smith complies with the adjusted gross income requirement and is eligible for the program benefits requested.

Situation 2 - Grace Jones is a share rent landowner and requests benefits from the Direct and Counter-Cyclical Payment Program on a contract with her tenant. Ms. Jones' average adjusted gross income was less than \$2.5 million and over 75 percent was from non-agricultural interests.

Determination - Less than 75 percent of the average adjusted gross income was from farming, ranching and forestry, but the amount was less than \$2.5 million. Therefore, Ms. Jones is eligible for the program benefits requested.

Situation 3 - William Davis is a share rent landowner and requests benefits from the Direct and Counter-Cyclical Payment Program on a contract with his tenant. Mr. Davis' average adjusted gross income was greater than \$2.5 million and over 75 percent was from non-agricultural sources.

Determination - Less than 75 percent of the average adjusted gross income was from farming, ranching and forestry, and exceeds \$2.5 million. Therefore, Mr. Davis is ineligible for the program benefits requested.

Situation 4 - Mark Johnson is a 25 percent stockholder in Johnson Farms, Inc. Johnson Farms requests benefits from the Direct and Counter-Cyclical Payment Program. The average adjusted gross income for Johnson Farms was all from farming and ranching. The average adjusted gross income for each of the stockholders was mostly from non-agricultural sources and the amounts were less than \$2.5 million with the exception of Mark.

Determination - Any program benefit issued to an entity, general partnership, or joint operation shall be reduced by an amount commensurate with the direct or indirect ownership interest of an individual or entity who has an average adjusted gross income in excess of \$2.5 million. Therefore, Johnson Farms is eligible for the benefits requested, but reduced by the 25 percent, which represents the interest held by Mark.